TELLS THE FACTS AND NAMES THE NAMES

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Rockefeller's Curse

By Bruce Jackson

For much of his adult life and right up to his death on January 26, 1979, Nelson Aldrich Rockefeller pursued one goal more than any other: becoming president of the United States. He was one of the richest men in the world, but he never found a way to buy his way into the Oval Office. He made serious tries in 1960, 1964 and 1968, but the closest he got was as Gerald Ford's appointed vice president in late 1973. When Nixon resigned in 1974 rather than face an impeachment trial, Ford appointed Rockefeller to the job he had just vacated. Ford then dumped him in favor of Robert Dole when he ran for president on his own in 1976. Ford was sucking up to the conservative wing of the Republican Party, but the suck did him no good: he was defeated by former Georgia Governor Jimmy Carter.

Rockefeller never got another shot at the job. He is best remembered for three disastrous choices and actions:

• He was the individual more responsible than any other for the rise to power of Henry Kissinger. Kissinger was on Rockefeller's personal payroll for a decade; it was because of Rockefeller that Kissinger was brought into the Nixon administration;

• He was responsible for the September 13, 1971, bloodbath at Attica prison;

• He created the most repressive drug laws in the nation.

No one will ever know the real reasons Nelson Rockefeller launched Henry Kissinger's political career, but there is no doubt why he ordered the Attica bloodbath and got the vicious drug laws passed: he hoped to convince the right wing of the Republican Party that he wasn't a liberal. It didn't work: they didn't like him before Attica and the drug laws and they didn't like him after them

Rockefeller ordered state troop-

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"...control the local Government and remove oppressive Regulations (such as Planning & Zoning, and Building Code requirements) and stop enforcement of Laws prohibiting Victimless Acts among Consenting Adults, such as Dueling, Gambling, Incest, Cannibalism, and Drug Handling."

The Free State Project: Coming to a Town Near You?

By Pam Martens

It's like a bad B movie plot playing out in real life in New Hampshire: a twenty-something Political Science grad student has an idea for a new economic order. He posts it on the Internet. Over a few years, as disenchantment with Big Brother government grows, the idea takes off. A call goes out from the grad student and his eclectic gang of libertarians and anarchists for 20,000 people from around the country to move into New Hampshire and prove his thesis: (1) that small numbers of hyperactive political agitators can control the political process in a thinly populated state; (2) that free market capitalism will work just fine alongside a system where citizen volunteers, not government, provide all social welfare programs.

Fast-forward to today: quiet rural countrysides spotted with maple sugar houses and wild flower meadows are sprouting pockets of political extremism and YouTube videos of defiance against state and local laws.

The grad student is Jason Sorens, at Yale at the time of his epiphany, now a thirty-something assistant professor of Political Science at the State University of New York in Buffalo. Dr. Sorens' grand experiment, the Free State Project, was spawned in 2001 and is now playing out in 17 towns across New Hampshire, taking on a life of its own, and, frequently, using heavy handed intimidation tactics to assert its will. According to the group's website, 698 individuals have relocated to New Hampshire and over 9,000 more have taken a pledge to do so.

New Hampshire is being targeted because of its tiny population of approximately 1.3 million and its freedom-loving ways. Here's the plan mapped out by Sorens to his followers in 2001:

"Once we've taken over the state government, we can slash state and local budgets, which make up a sizeable proportion of the tax and regulatory burden we face every day. Furthermore, we can eliminate substantial federal interference by refusing to take highway funds and the strings attached to them. Once we've accomplished these things, we can bargain with the national government over reducing the role of the national government in our state. We can use the threat of secession as leverage to do this."

Notice in the above excerpt that Dr. Sorens uses the phrase "our state." It has been eight years since he spawned this grand scheme, and he has yet to move into the state, leaving many to question if he looks upon New Hampshire as a Petri dish and himself as the scientist in the lab coat.

Here's Sorens' condescending attitude, expressed this month toward the subjects of his experiment, as posted at the Cato Institute's website, a pro-corporate "free market" think tank:

"The 'collective action problem' helps to explain why only narrow interests will successfully organize and achieve policy victories, and why these will come at the expense of the citizenry. Interest groups can achieve these victories only because voters are deeply, irremediably ignorant of philosophy, politics, economics, and public policy. Trying to educate voters is hopeless because they lack the proper

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incentives to learn and employ political knowledge."

The Free Staters seek to eliminate the Nanny State which, to their way of thinking, includes public education (to be replaced with home schooling), planning and zoning boards, building codes and inspectors, and essentially every other government function that isn't involved in protecting their right to swarm New Hampshire, their free speech, their guns, or their right to do whatever they want on their property. (Their view of property rights range from showcasing a couch in the yard; to hosting hundreds of people to a celebration of anarchy at a Freestater's property in Grafton, NH, in 2008; to making payment of property taxes voluntary.) While they outwardly profess lofty ideals in trying to eliminate the Nanny State, they don't see anything hypocritical about them asserting the oppressive role of Liberty Nanny on the citizens of the state they're "taking over."

When one of their splinter groups, the Free Town Project, tried to make its move on a Texas town in Loving County in 2005, the sheriff sent them packing in short order. Faced with the same prospect in 2004, the fair-minded folks of Grafton, New Hampshire, held a town meeting to hear all sides. Subsequent intimidation by the Free Towners brought on hostilities and then unflattering national press coverage. One group member, Bob Hull, purchased a 237-acre property in Grafton with the stated intention of parceling it off to other Free Staters/Free Towners. The press uproar has since died down, but the Free Staters continue to buy up property in the town.

When the residents of Grafton attempted to fight back by setting up a blog, it was infiltrated by the Free Staters with insulting and intimidating comments, such as the following:

"Hey Grafton s---bags. THE PLAN IS TO TAKE YOU OVER BY FORCE! Don't get confused. I'm an FSP [Free State Project] member and we talk about it all the time. We also formulate stories to spoon-feed this blog and twist your little hillbilly minds into our way of thinking. Haha, you are puppets. You haven't had an original complaint or issue that has not been planted by an FSP representative since the first week of inception. The funny thing is, I can tell you this now, and still be in control of you by the end of the day. The lights are a little dim in Grafton, and they will soon go out! There is no plan to move to Grafton. Do you understand that s---bags?? Understand, when I say 's---bags' I'm talking about everyone in NH, not just Grafton. The plan is to TAKE OVER, migration is not necessary, who the f--- would live in Grafton on purpose anyway? BTW, NH wasn't chosen because it is the most 'free state'; it was chosen because the people who occupy it are generally the most ignorant residents that occupy any state and they are as defenseless as school girls when it comes to politics. You are completely predictable with every action you take. This blog is all you can do to defend yourselves against the impending takeover?? That is why Grafton was chosen. Do you think the same response would be offered out west???"

While they profess lofty ideals in trying to eliminate the Nanny State, they don't see anything hypocritical about them asserting the oppressive role of Liberty Nanny on the citizens of the state they're "taking over."

The Free Staters call themselves porcupines (upset them at your own risk) and dub their annual confab a Porc Fest, where, for some reason, they burn a metal effigy of their own porcupine mascot along with assorted accoutrements symbolic of government welfare or regulations. (On blogs and radio, they rage against an eclectic group of evils: public education, zoning ordinances, nursing homes, car inspections, Medicaid.)

Here's how they described their July 2008 "anarchic campout" in Grafton under the motto "Burn, baby, burn": "There will be drinking, burning things, sitting around BSing, bands, toilets and showers in the woods, talking about the revolution, and of course a giant burning rodent."

The good people of Grafton are now sadder but wiser about underestimating the insidiousness of this movement. In fact, in phone calls to residents of Grafton and other towns being targeted, "insidious" was the word that was invariably used to describe the Free Staters.

Three factors make it imperative that the citizens of New Hampshire, and anywhere else this group lands next, sit up and take notice. (They also have an outpost in Wyoming.) First, as the financial crisis deepens, the newly unemployed are vulnerable to embracing far-out ideologies. Instead of an influx of 20,000, there could be an influx of 200,000 utopians seeking to destabilize local government at a critical juncture in the economic downturn.

Secondly, the self-reinforcing spiral of growing unemployment and home foreclosures creates an urgent need to reinforce sound, but reasonable, zoning ordinances. (The very thing the Free Staters want to gut.) If people have to sell their homes in order to feed their family or to take a job in another location, they need to sell it as quickly as possible. Lax or nonexistent zoning inhibits another person's property rights to receive fair value for their home, because it is frequently manifested by debris or rusting vehicles on residential lawns in otherwise attractive neighborhoods. The stated reason for targeting Grafton was specifically be-

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EDITORS
ALEXANDER COCKBURN
JEFFREY ST. CLAIR

ASSISTANT EDITOR
ALEVTINA REA

BUSINESS
BECKY GRANT
DEVA WHEELER

DESIGN
TIFFANY WARDLE

COUNSELOR
BEN SONNENBERG

CounterPunch
PO Box 228
Petrolia, CA 95558
1-800-840-3683
counterpunch@counterpunch.org
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cause there were no Zoning ordinances.

Finally, the Free Staters have learned quickly from their public relations fiasco in Grafton. They have decided to come into towns presenting themselves as mainstream, get elected to local boards and civic organizations, and slowly chip away at the framework of established society by gutting funding.

Here's how one Free Stater, who moved from Connecticut to Southern New Hampshire, describes the subterfuge on the Free State website:

"Personally, I keep the FSP [Free State Project] stuff to myself until I really know someone. Some people know about the FSP and think it's great, others have heard about things like the Free Town Project and aren't so sure..."

The new movement has an organizational model. Imagine an octopus. The center is the Free State Project. The tentacles now include *Free Talk Live* radio, syndicated to 44 stations around the country, according to their website, and the major form of recruitment for "liberty loving" types into New Hampshire; a political action group called the New Hampshire Liberty Alliance that holds mock town meeting training sessions, reviews legislation for assault, gives out grades to legislators based on how obediently they toe the Free State Project line; and supports a growing number of Free Staters seeking elected office. Here's how one of the Free Staters described the big picture:

"...control the local Government and remove oppressive Regulations (such as Planning & Zoning, and Building Code requirements) and stop enforcement of Laws prohibiting Victimless Acts among Consenting Adults, such as Dueling, Gambling, Incest, Price-Gouging, Cannibalism, and Drug Handling."

While the Free State Project leaders are always quick to disassociate themselves from their members who speak just a little too freely, they fail to grasp the common sense logic that when you embrace a lawless society, you *will* attract the lawless.

The social order envisioned by the Free Staters is one of voluntarism. People will simply volunteer to take care of each other's needs. This statement appears on their website: "...government exists at most to protect people's rights, and should neither provide for people nor punish them for activities that interfere with no one else." As they openly admit on their blogs and radio call-ins, those pesky details of how the roads will get built, who will provide for the poor and indigent have yet to be addressed.

Here's how care for the poor was handled before government funding and when the job was left to voluntarism:

"About this time [1815] a new plan of selling the paupers at public auction for a year was instituted; and in 1816 we find that William Powers was bid off at one dollar and fifty-eight cents per week, and Benjamin Alld at ninety-six cents per week, and again in 1817 William Powers

"NH wasn't chosen because it is the most 'free state'; it was chosen because the people who occupy it are generally the most ignorant residents that occupy any state and they are as defenseless as school girls when it comes to politics."

was struck off at one dollar and sixty-nine cents per week, which is the last we hear of him on the town records. At these auctions, the peculiar qualities of each individual were described by the auctioneer, pretty much as he would speak of the qualities of any other livestock offered for sale." (*History of the Town of Peterborough, Hillsborough County, New Hampshire,* by Albert Smith, John Hopkins Morison.) The other incomprehensible aspect is the Free Staters' love fest with free markets. Despite the loss of credibility of unregulated capitalism in this country and around the world, they're clinging tight. Even the captain of the mother ship, former Federal Reserve Chairman Alan Greenspan, has accepted defeat. Bloated corporate tyrants, with their legions of lobbyists and campaign financing, which are certainly responsible for a significant portion of what the Free Staters despise in government, don't seem to bother them too much either.

There's also a strong scent of insincerity about what the core group in the Free State Project is really up to. *The Free Talk Live* radio program condemns all forms of property seizure, even for people who haven't paid their property taxes in three years. And yet, one of their largest advertisers is Sakal-CAI, a debt collector. On its website, Sakal-CAI says it uses the following procedures: wage garnishments, bank account attachments, property attachments, property foreclosure, property lien attachments.

It's time for the good people of New Hampshire to rethink the red carpet rolled out by former Governor Craig Benson to the Free State Project before the state's proud motto of "Live Free or Die" becomes a rallying cry to tens of thousands of free market extremists.

The test for New Hampshire is to remain tolerant while effectively defending itself against an invading army using buzzwords of "liberty" and "freedom" while conducting a campaign of harassment and intimidation. The only means to a peaceful counter-coup may be through what the Free Staters most fear: zoning laws. **CP**

Pam Martens worked on Wall Street for 21 years. She writes on public interest issues from New Hampshire. She can be reached at pamk741@aol.com.

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ers to retake Attica prison by force on September 13, 1971. Those troopers, joined by a number of prison guards, deputy sheriffs and game wardens, shot to death 10 hostages and 29 convicts; they wounded many others. After the prison retaking, surviving prisoners – many of them with bullets or shotgun pellets in their bodies – were tortured by guards. In September 2000, a federal judge announced a settlement in the 28-year prisoners' civil rights lawsuit against the state: families of slain convicts and survivors of the post-turkeyshoot torture received $8 million; their attorneys received $4 million. Five years later, in May 2005, Gov. George Pataki gave the same amount, $12 million, to a far smaller group: families and lawyers of guards who had been killed at Attica.

The Rockefeller Drug Laws

In 1973, he got the New York legislature to pass what immediately became known as "the Rockefeller Drug Laws," the harshest set of punishments for possession and transfer of illegal drugs in the United States. These laws imposed very long sentences, many with mandatory minimums, for what were often minor offenses everywhere else. Sale of two ounces of heroin, morphine, opium, cocaine or cannabis in any form, or possession of four ounces of those same drugs brought the same sentence as second-degree murder: 15 or 25 to life, with no parole before the minimum was served and no judicial discretion.

Thousands of drug dealers, drug users and "mules" went to prison for decades under the Rockefeller laws, but few big dealers did any more time under them than they would have under the laws that had been in place before 1973, primarily because many of them – like Nicky Barnes and Frank Lucas – were not only willing to turn informer, but had enough people to snitch on to make massive sentence reductions worthwhile to the prosecutors.

The Rockefeller drug laws cost New York state billions of dollars. They accomplished four things:

• They provided a huge amount of money to companies in the prison construction industry.

• They provided workfare for thousands of rural whites, who might otherwise have been unemployed.

• They wrecked countless lives and families, mostly African-American and Hispanic.

• They wildly distorted census numbers, so rural counties in upstate New York have for years enjoyed disproportionate largesse from both state and federal governments.

I don't know anyone in law enforcement or in the drug trade who thinks they did any more to discourage drug using and dealing than the far less vicious drug laws they displaced.

The Rockefeller drug laws were always an abomination. One New York governor after another said somebody ought to do something about them, but none of them had the guts or political clout to do it. George Pataki talked about it and engaged in a flurry of motion, but his changes in 2004 were pretty much window dressing, affecting only a small number of Rockefeller's victims. Gov. David Paterson and the New York state legislature have agreed to reform the laws. Paterson may be making changes in the drug laws now because he believes it's the right thing to do, but the mere fact that something is the right thing to do is rarely a determining factor in New York politics. The only thing that matters in Albany is money and politics.

Thousands of drug dealers, drug users and "mules" went to prison for decades under the Rockefeller laws.

No, it wasn't sanity or decency or rational public policy or responsible political action by elected representatives that did in Rockefeller's curse. Those prisons had become the darling of upstate New York, an ever-expanding employer and never-ending construction project that sucked more and more money out of all other state agencies, the State University of New York being one of them. What legislator would vote to kill all those rural jobs, however counterproductive they were? Before the fiscal meltdown, hardly any; since the fiscal meltdown, a solid majority.

New York State cannot now afford the huge workfare program that developed in the upstate counties around Rockefeller's prison-packing program. The money just isn't there. So, soon thousands of those convicts who shouldn't have been there in the first place won't be there either.

Body counts

The rural counties will lose more than those workfare jobs. Ever since New York prisons grew fat, those counties got to include the convicts in their census counts, which meant that people who couldn't vote and who couldn't reap the benefits of any federal largesse ensured disproportionate state and federal benefits for the free people on the other side of the walls and concertina wire. That is going to change with the next census, when those people who shouldn't have been serving those obscene sentences in the first place are counted in New York, Rochester, Buffalo and the other cities where they really live.

The prisons won't empty; they just won't bulge so much. New York prisons will still hold thousands of junkies, "mules" and petty dealers; there just won't be so many of them and they won't be there as long as before. The primary impact will be in years to come because police and prosecutors now won't have so much incentive to pursue trivial cases, judges will have discretion denied them for decades, and new convicts will be sentenced to far less time than their predecessors.

It's not decent yet; it's not close to it, but it's a small step in the right direction.

So some of Rockefeller's Attica victims –convicts and victims– have received some compensation for the wrongs done to them. And some of his drug sentencing victims will now suffer less than they otherwise might have. But Henry A. Kissinger is still out there giving advice: according to Bob Woodward, he regularly counseled George W. Bush and Dick Cheney on the conduct of the Iraq War, and there was, apparently, no disagreement among the three about anything.

One step at a time. **CP**

Bruce Jackson is Distinguished Professor and Samuel P. Capen Professor of American Culture at SUNY, Buffalo. His most recent book is *Pictures from a Drawer: Prison and the Art of Portraiture*, Temple University Press, 2009. He can be reached at bruce36@mac.com.

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Is Offshoring "Free Trade"?

By Paul Craig Roberts

Offshoring's proponents defend the practice on the grounds that it is free trade and, thereby, beneficial.

CounterPunchers will know from earlier essays of mine that free trade is not necessarily beneficial. Let's now examine whether offshoring is trade.

In the traditional Ricardian free trade model, trade results from countries specializing in activities where they have comparative advantage and trading these products for the products of other countries doing likewise. In Ricardo's example, England specializes in woolen cloth and trades wool to Portugal, which specializes in wine, for wine.

In the Ricardian model, trade is not competitive. English wool is not competing against Portuguese wool, and Portuguese wine is not competing against English wine.

Somewhere along the historical way, free trade became identified with competition between countries producing the same products. American TV sets vs. Japanese TV sets. American cars vs. Japanese cars. This meaning of free trade diverged from the Ricardian meaning based on comparative advantage and came to mean innovation and improvements in design and performance driven by foreign competition. Free trade became divorced from comparative advantage, without a new theoretical basis being built upon which to base the free trade doctrine.

In fact, offshoring is not trade. Offshoring is the practice of a firm relocating its production of goods or services for its home market to a foreign country. When a firm moves production offshore, U.S. GDP declines by the amount of the offshored production and foreign GDP increases by that amount. Employment and consumer income decline in the U.S.A. and rise abroad. The U.S. tax base shrinks, resulting in reductions in public services or higher taxes or higher interest payments to service deficit spending and the switch to bond finance from tax finance.

When the offshored production comes back to the U.S. to be marketed, the U.S. trade deficit increases dollar for dollar. The trade deficit is financed by turning over to foreigners U.S. assets and their future income streams.

Who benefits from these income losses suffered by Americans? Clearly, the foreign country to which the production is moved. The other prominent beneficiaries are shareholders and executives of the companies that offshore production. The lower labor costs raise profits, the share price, and the "performance bonuses" of management.

Offshoring's proponents claim that the lost incomes from job losses are offset by benefits to consumers from lower prices. Yet, they are unable to cite studies that support this claim. The claim is based on the unexamined assumption that offshoring is free trade and, thereby, mutually beneficial.

Even low-level American jobs are subject to outsourcing. McDonalds is experimenting with having drive-up window orders routed to India.

Proponents also claim that the Americans who are left unemployed soon find equal or better jobs. This claim is based on the assumption that the demand for labor ensures full employment, and that people whose jobs have been moved abroad can be retrained for new, equal or better, jobs.

These claims are far-fetched. Offshoring affects all tradable goods and services. As I have reported on numerous occasions, the nonfarm payroll data collected by the Bureau of Labor Statistics make clear that in the 21st century the U.S. economy has been able to create net new jobs only in nontradeable domestic services – employment that is lowly paid compared to high value-added manufacturing jobs and professional services.

Moreover, even services of school teachers and nurses, which cannot be offshored, can and are being performed by foreigners brought in on work visas.

The growing number of displaced and discouraged unemployed Americans constitutes an external cost, inflicted by firms on taxpayers and on the viability of the American political and economic system.

Some offshoring apologists go so far as to imply, and others even to claim, that offshore outsourcing is offset by "insourcing." For example, they point out that the Japanese have built car plants in the U.S.A. This is a false analogy. The Japanese car plants in the U.S. are an example of direct foreign investment. The Japanese produce in the U.S.A. in order to sell here. The plants are a response to Reagan era import quotas on Japanese cars and to high transport costs. The Japanese are not producing cars in the U.S. for the purpose of sending them back to Japan to be marketed. They are not using cheaper American labor to produce for the Japanese home market.

Other apologists imply that H-1b and other work visas are a form of "insourcing." They argue that the ability of U.S. firms to bring in foreigners to compensate for alleged shortages of U.S. workers allows the corporations to keep their operations in America and not have to move them abroad. This false claim, which a *Washington Post* editorial (March 2, 2009) fell for, was rebutted by Senators Charles Grassley and Bernie Sanders, who observed that "with many thousands of financial services workers unemployed, it's absurd to claim that banks can't find top-notch American workers to perform these jobs" .

The senators could have made a stronger point. The work visa program is supposed to be for specialized, high-tech skills that allegedly are in short supply in the U.S. In fact, the vast majority of those brought in on work visas are brought in as lower-paid replacements for American workers, who are dismissed after being forced to train their foreign replacements.

Congress forbade banks that receive bailout money from hiring foreigners to replace American employees. But the H-1b lobby got its hands on the legislation and inserted a loophole. The banks cannot directly hire foreigners as replacements for U.S. employees, but they can hire contractors to supply "contract labor." The bank pays the contractor, and the contractor pays the workers.

Computerworld reports that the H-1b visas are becoming the property of

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Indian contract labor firms, such as Tata, Infosys, Wipro, and Satyam. These firms contract with U.S. employers to supply reduced-cost labor from abroad, with which to replace U.S. employees.

The combination of offshoring and work visas is creating a new kind of American unemployment that cannot be cured by boosting consumer demand. *Business Week* (March 9, 2009) reports that JPMorgan Chase is increasing its outsourcing to India by 25 per cent. *Computerworld* (February 24, 2009) reports that Nielsen Company, which measures TV audiences and consumer trends for clients, is laying off American employees at a Florida facility after announcing a 10-year global outsourcing agreement, valued at $1.2 billion, with Tata. *Computerworld* quotes Janice Miller, a city councilwoman, "They are still bringing in Indians, and there are a lot of local people out of work."

The *New York Times* (March 6, 2009) reports that IBM is laying off U.S. employees piecemeal in order to avoid compliance with layoff notice laws. According to the *New York Times*, "IBM's American employment has declined steadily, down to 29 per cent of its worldwide payroll."

The American population is being divorced from the production of the goods and services that they consume. It is the plight of a Third World country to be dependent on goods and services that are not produced by its work force. The question is how can an unemployed American workforce purchase the goods and services that are marketed to them?

As long as narrow private interests can cloak themselves in free trade's claim of increased general welfare, the American economy will continue its relative and absolute decline.

If news reports are correct, even low-level American jobs are subject to outsourcing. The fast food chain, McDonalds, is experimenting with having drive-up window orders routed to India via a VoIP Internet connection. The person in India then posts the order to the kitchen and sends the billing to the cashier.

Indeed, Americans already experience difficulty in finding restaurant jobs because of "insourcing." Young people from abroad are brought in on R-1 visas and supplied by contractors to restaurants, where they wait tables and do food prep work. In pharmacies, they serve as assistants. Mexicans have a large share of construction jobs. Americans are finding occupation after occupation closed to them. Free market ideologues justify the destruction of the prospects of millions of Americans as "an increase in the general welfare."

The United States is unable to deal with its serious economic problems because powerful interest groups benefit from the continuation of the problems. As long as narrow private interests can cloak themselves in free trade's claim of increased general welfare, the American economy will continue its relative and absolute decline, and American taxpayers will continue to bear the cost of workers displaced by offshoring and work visas. **CP**

In the fall *CounterPunch* will publish Paul Craig Roberts' new book, *How the Economy Was Lost.*

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